



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

March 30, 2000

Gary Burningham
B.E.G. Resources, LLC
P.O. Box 974
American Fork, Utah 84003

Re: Conditional Tentative Approval of Notice of Intention to Commence Large Mining Operations, B.E.G. Resources, Travertine #1, M/023/042, Juab County, Utah

Dear Mr. Burningham:

The Division has completed a review of your updated Notice of Intention to Commence Large Mining Operations (NOI-LMO) for the Travertine # 1 mine, located in Juab County, Utah, which was received April 29, 1998. After reviewing your latest submission information, the Division is prepared to issue conditional tentative approval of your notice.

On March 9, 2000, we received your letter regarding Juab County's asserted rights to the access road at the Travertine #1 mine. Attached was a letter from Juab County requesting that the road be kept open and their commitment to maintain the road following mine closure. These documents are considered adequate to allow the Division to remove the road from your reclamation plan. Your final reclamation bond estimate has been calculated for 7.63 acres of disturbance.

During a January telephone conversation with me, you asked if Juab County took the road over could this site be considered a small mine. The original LMO notice submitted March 6, 1998, indicated there were seven acres of disturbance. The updated plan received April 29, 1998, shows 7.63 acres without inclusion of the access road. Therefore, this site exceeds the five acre small mine threshold and must be categorized as a large mining operation.

In finalizing the bond amount, one technical concern remains regarding the mulching costs as referenced in our September 29, 1998, review letter. The cost per acre for mulch in the existing bond estimate is \$30.00 per acre. A more realistic cost would be \$300.00 per acre. As we have not received further information from you regarding this item, we have calculated this line item at \$300.00 X 7.63 acres or \$2,289.00. Therefore, the final bond amount calculated by the Division and escalated five years forward to the year 2005, is \$15,100 or \$1,979 per acre.

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Gary Burningham
M/023/042
March 30, 2000

The following conditions will apply to the Division's tentative approval:

Condition #1

The Operator agrees to accept the increased bonding costs for mulch and the new bond estimate, as described above.

Condition #2

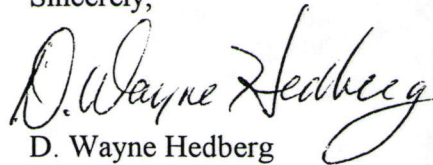
The Operator will provide the Division with a signed and notarized transfer form transferring the existing small mine notice from Western Minerals to B.E.G. Resources, LLC (form enclosed).

Attached is the final reclamation surety calculation. This increased surety amount will need to be posted with the Division prior to the Division issuing final approval of the large mining notice. Please let us know what type of surety you wish to post so we can provide you with the proper forms. We have enclosed a Reclamation Contract (form MR-RC) with guidelines for completion. Please provide us with draft copies of this document and the revised form of reclamation surety so we can review them for completeness before you finalize them.

Upon our receipt of your written acceptance to these conditions, we will prepare to publish notice of tentative approval in the Salt Lake City and local area newspapers which, when published, will begin the 30-day public comment period. At the end of the comment period, the Division will issue its final approval provided no substantive comments are received and the required reclamation surety has been posted with the Division. The Division will also seek concurrence from the BLM on the amount and form of reclamation surety.

If you have any questions regarding this letter, please contact me or Tom Munson of the Minerals Staff. Thank you for your cooperation in completing this permitting action.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

Attachment: Reclamation Surety Calculation

Enclosures: Reclamation Contract (MR-RC) w/guidelines, transfer form

cc: Sheri Wysong, BLM

Neal Jensen, Western Minerals

M23-42-ten

Travertine # 1 Mine

B.E.G. Resources

Muz3042

Juab County

Prepared by Utah Div. of Oil, Gas & Mining-Tom Munson

March 16,2000

DESCRIPTION:

Previous Interim Reclamation Surety was \$14,000

-This update adjusts the surety amount for escalation to the year 2005

-Escalation factors through 1998 are actual Means Historical Cost Indices

-Total disturbed area = 7.63 ACRES

CALCULATIONS

YR	ESCAL FACTOR	BOND AMOUNT
1977	0.0870	\$0
1978	0.0710	\$0
1979	0.0860	\$0
1980	0.0860	\$0
1981	0.0991	\$0
1982	0.0940	\$0
1983	0.0104	\$0
1984	0.0092	\$0
1985	0.0290	\$0
1986	0.0210	\$0
1987	0.0195	\$0
1988	0.0181	\$0
1989	0.0177	\$0
1990	0.0077	\$0
1991	0.0127	\$0
1992	0.0221	\$0
1993	0.0261	\$0
1994	0.0321	\$0
1995	0.0193	\$0
1996	0.0242	\$0
1997	0.0236	\$0
1998	0.0502	\$0
1999	0.0327	\$0
2000	0.0327	\$12,876
2001	0.0327	\$13,297
2002	0.0327	\$13,731
2003	0.0327	\$14,180
2004	0.0327	\$14,644
2005	0.0327	\$15,123

$$F = P(1 + i)^{**n}$$

F = Future Sum

P = Present Sum

i = Escalation Factor

n = number of periods

Three Yr Average = 3.27%

Used to Project 5 Yrs

From the Year 1999

Updated Surety Amount Rounded (2005-\$)

\$15,100

** Average cost per acre = \$1,979 (\$/ACRE)